

Senate File 2104 - Introduced

SENATE FILE 2104

BY JOCHUM

A BILL FOR

1 An Act relating to the earned income tax credit available
2 against the individual income tax and including retroactive
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.12B, subsection 1, paragraph a, Code
2 2022, is amended to read as follows:

3 a. The taxes imposed under this subchapter less the credits
4 allowed under section 422.12 shall be reduced by an earned
5 income credit equal to the following percentage of the federal
6 earned income credit provided in section 32 of the Internal
7 Revenue Code:

8 ~~{1} For the tax year beginning in the 2013 calendar year,~~
9 ~~fourteen percent.~~

10 ~~{2}~~ (1) For tax years beginning on or after January 1, 2014,
11 but before January 1, 2022, fifteen percent.

12 (2) For tax years beginning on or after January 1, 2022,
13 twenty percent for a taxpayer who does not claim a dependent,
14 and twenty-five percent for a taxpayer who claims a dependent.

15 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
16 retroactively to January 1, 2022, for tax years beginning on
17 or after that date.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill relates to the earned income tax credit available
22 against the individual income tax.

23 Currently, the state earned income tax credit is a
24 refundable tax credit equal to 15 percent of the federal earned
25 income tax credit.

26 The bill increases the state earned income tax credit equal
27 to the following percentage of the federal earned income
28 tax credit: if the taxpayer does not claim a dependent, 20
29 percent; if the taxpayer claims a dependent, 25 percent.

30 The bill applies retroactively to tax years beginning on or
31 after January 1, 2022.